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AN ACT

RELATING TO GROUP INSURANCE PLANS; PROVIDING THAT LEGISLATORS,
UNDER CERTAIN CONDITIONS, ARE ELIGIBLE FOR BENEFITS PURSUANT TO THE
GROUP BENEFITS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 10-7-4 NMSA 1978 (being Laws 1941, Chapter 188,
Section 1, as amended) is amended to read:

"10-7-4. GROUP INSURANCE--CAFETERIA PLAN--CONTRIBUTIONS FROM
PUBLIC FUNDS.--

A. All state departments and institutions and all political subdivisions of
the state, excluding municipalities, counties and political subdivisions of the state with
twenty-five employees or fewer, shall cooperate in providing group term life, medical or
disability income insurance for the benefit of eligible employees or salaried officers of
the respective departments, institutions and subdivisions.

B. The group insurance contributions of the state or any of its
departments or institutions, including institutions of higher education and the public
schools, shall be made as follows:

- (1) seventy-five percent of the cost of the insurance of an
employee whose annual salary is less than fifteen thousand dollars (\$15,000);
- (2) seventy percent of the cost of the insurance of an
employee whose annual salary is fifteen thousand dollars (\$15,000) or more but less
than twenty thousand dollars (\$20,000);
- (3) sixty-five percent of the cost of the insurance of an
employee whose annual salary is twenty thousand dollars (\$20,000) or more but less
than twenty-five thousand dollars (\$25,000); or
- (4) sixty percent of the cost of the insurance of an employee
whose annual salary is twenty-five thousand dollars (\$25,000) or more; and
- (5) the state shall not make any group insurance contributions

1 for legislators. A legislator shall be eligible for group benefits only if the legislator
2 contributes one hundred percent of the cost of the insurance. As used in this
3 subsection, "cost of the insurance" means the premium required to be paid to provide
4 coverages. Any contributions of the political subdivisions of the state, except the
5 public schools and political subdivisions of the state with twenty-five employees or
6 fewer, shall not exceed sixty percent of the cost of the insurance.

7 C. When a public employee elects to participate in a cafeteria plan as
8 authorized by the Cafeteria Plan Act and enters into a salary reduction agreement with
9 the governmental employer, the provision of Subsection B of this section with respect
10 to the maximum contributions that can be made by the employer are not violated and
11 will still apply. The employer percentage or dollar contributions as provided in
12 Subsection B of this section shall be determined by the employee's gross salary prior
13 to any salary reduction agreement.

14 D. Any group medical insurance plan offered pursuant to this section
15 shall include effective cost-containment measures to control the growth of health care
16 costs. The responsible public body that administers a plan offered pursuant to this
17 section shall report annually by September 1 to appropriate interim legislative
18 committees on the effectiveness of the cost-containment measures required by this
19 subsection."

20 Section 2. Section 10-7B-2 NMSA 1978 (being Laws 1989, Chapter 231,
21 Section 2) is amended to read:

22 "10-7B-2. DEFINITIONS.--As used in the Group Benefits Act:

23 A. "committee" means the group benefits committee;

24 B. "director" means the director of the risk management division of the
25 general services department;

26 C. "employee" means a salaried officer, employee or legislator of the
27 state or a salaried officer or employee of a local public body;

28 D. "local public body" means any New Mexico incorporated
29 municipality, county or school district;

1 E. "professional claims administrator" means any person or legal entity S
2 that has at least five years of experience handling group benefits claims, as well as B
3 such other qualifications as the director may determine from time to time with the 5
4 committee's advice; and 0
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4 F. "state" or "state agency" means the state of New Mexico or any of P
5 its branches, agencies, departments, boards, instrumentalities or institutions." a
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6 Section 3. Section 10-7B-6 NMSA 1978 (being Laws 1989, Chapter 231, 3
7 Section 6) is amended to read:

8 "10-7B-6. STATE EMPLOYEES GROUP BENEFITS SELF-INSURANCE PLAN--
9 AUTHORIZATION--LOCAL PUBLIC BODY PARTICIPATION.--

10 A. The risk management division of the general services department
11 may, with the prior advice of the committee, establish and administer a group benefits
12 self-insurance plan, providing life, vision, health, dental and disability coverages, or
13 any combination of such coverages, for employees of the state and of participating
14 local public bodies. Any such group benefits self-insurance plan shall afford coverage
15 for employees' dependents at each employee's option. Any such group benefits self-
16 insurance plan may consist of self-insurance or a combination of self-insurance and
17 insurance; provided that particular coverages or risks may be fully insured, fully self-
insured or partially insured and partially self-insured.

18 B. The director, with the advice of the committee, shall establish by
19 regulation or letter of administration the types, extent, nature and description of
20 coverages, the eligibility rules for participation, the deductibles, rates and all other
21 matters reasonably necessary to carry on or administer a group benefits self-
insurance plan established pursuant to Subsection A of this section.

22 C. The contribution of each participating state agency to the cost of
23 any such group benefits self-insurance plan shall not exceed that percentage provided
24 for state group benefits insurance plans as provided by law. The contribution of a
25 participating local public body to the cost of any such group benefits self-insurance
plan shall not exceed that percentage provided for local public body group benefits

1 insurance plans as provided by law.

2 D. Except as provided in Subsection E of this section, public
3 employees' contributions to the cost of any group benefits self-insurance plan may be
4 deducted from their salaries and paid directly to the group self-insurance fund;
5 provided that where risks are insured or reinsured, the director may authorize payment
6 of the costs of such insurance or reinsurance directly to the insurer or reinsurer.

7 E. A legislator and the legislator's covered dependents are eligible to
8 participate in and receive benefits from the group benefits self-insurance plan if the
9 legislator pays monthly premiums in amounts that equal one hundred percent of the
10 cost of the insurance. The premiums shall be paid directly to the group self-insurance
11 fund; provided that where risks are insured or reinsured, the director may authorize
12 payment of the premiums directly to the insurer or reinsurer.

13 F. Local public bodies and state agencies that are not participating in
14 the state group benefits insurance plan or self-insurance plan may elect to participate
15 in any group benefits self-insurance plan established pursuant to Subsection A of this
16 section by giving written notice to the director on a date set by the director, which date
17 shall not be later than ninety days prior to the date participation is to begin. The
18 director shall determine an initial rate for the electing entity in accordance with a letter
19 of administration setting forth written guidelines established by the director with the
20 committee's advice. The initial rate shall be based on the claims experience of the
21 electing entity's group for the three immediately preceding continuous years. If three
22 years of continuous experience is not available, a rate fixed for the entity by the
23 director with the committee's advice shall apply, and the electing entity's group shall be
24 rered on the first premium anniversary following the date one full year of experience
25 for the group becomes available. Any such election may be terminated effective not
earlier than June 30 of the third calendar year succeeding the year in which the
election became effective or on any June 30 thereafter. Notice of termination shall be
made in writing to the director not later than April 1 immediately preceding the June 30
on which participation will terminate. A reelection to participate in the plan following a

1 termination may not be made effective for at least three full years following the
2 effective date of termination.

3 G. As soon as practicable, the director with the committee's advice
4 shall establish an experience rating plan for state agencies and local public bodies
5 participating in any group benefits self-insurance plan created pursuant to Subsection
6 A of this section. Rates applicable to state agencies and participating local public
7 bodies shall be based on such experience rating plan. Any such experience rating
8 plan may provide separate rates for individual state agencies and individual local

9 Section 4. EFFECTIVE DATE.--The effective date of the provisions of this act
10 is July 1, 2003.

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